

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

Mobil . . . a sustained, worldwide effort to find and deliver increasing volumes of energy

Sumatra



Canada



Newfoundland



Tunisia



France



Paulsboro, N.J.



Japan



Dallas, Tex.



Norway



West Germany



Boston, Mass.



England



Beaumont, Tex.



Nigeria



Joliet, Ill.



Gulf of Mexico



The Year in Brief

1973

1972

Financial

Revenues	\$12,755,552,000	\$10,295,056,000
Net income	\$ 849,312,000	\$ 574,199,000
Per share (based on average shares outstanding)	\$ 8.34	\$ 5.65
Cash dividends	\$ 285,121,000	\$ 269,342,000
Per share	\$ 2.80	\$ 2.65
Shareholders' equity (end of year)	\$ 5,714,772,000	\$ 5,145,400,000
Per share (based on shares outstanding at end of year)	\$56.11	\$50.57
Capital and exploration outlays	\$ 1,333,704,000	\$ 1,179,984,000
Total assets (end of year)	\$10,690,431,000	\$ 9,216,713,000

Operating* (barrels daily, except natural gas)

Gross production of crude oil and natural gas liquids (including quantities received under long-term arrangements)	2,522,000	2,399,000
Gross natural gas production (thousands of cubic feet daily)	3,682,000	3,595,000
Refinery runs of crude oil and natural gas liquids	2,365,000	2,194,000
Petroleum product sales	2,482,000	2,409,000

*Operating statistics include the corporation's interest in the operations of companies owned 50% or less.

An important part of the domestic and foreign operations covered by this report is carried on by operating divisions, subsidiaries, and affiliates conducting their respective businesses under the direction and control of their own managements. For convenience, this report uses such terms as 'Mobil Oil,' 'Mobil,' 'corporation,' 'company,' 'we,' and 'our,' sometimes for the parent corporation and all such divisions, subsidiaries, and affiliates collectively, and sometimes for one or more of them.

Additional data are contained in a separate report, Financial and Operating Statistics 1973, and in the Annual Report on Form 10-K filed with the Securities and Exchange Commission. For copies, write the Secretary, Room 2500, Mobil Oil Corporation, 150 East 42nd Street, New York, N.Y. 10017

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Mobil's earnings in 1973 were \$849 million, or \$8.34 a share. This was 47.9% higher than the 1972 earnings of \$574 million, or \$5.65 a share.

Of the \$275 million worldwide earnings gain, more than three-quarters came from operations outside the United States, and over half of the worldwide gain resulted from a single factor in the foreign area: the weakness of the U.S. dollar relative to various other currencies during most of 1973. Thus, the conversion into U.S. dollars of the profit-and-loss statements of Mobil affiliates in strong-currency countries had the effect of increasing our total earnings by about \$150 million. Without the currency conversion gains, Mobil's worldwide earnings would have risen by 22%, instead of the nearly 48% we reported.

Our earnings from U.S. operations, which were not affected by the currency conversion, increased only 15% in 1973. Far from being a "windfall profit," this represented a recovery for earnings from U.S. operations, which had gone into a decline in the early 1970's. Even more significant is the trend in the rate of return on U.S. operations, as shown in this table:

Mobil's Rate of Return

	On Average Shareholders' Equity	
	U.S.	Worldwide
1968	10.4%	10.8%
1969	10.8%	10.9%
1970	10.1%	10.9%
1971	9.3%	11.5%
1972	9.2%	11.5%
1973	10.1%	15.6%

	On Average Total Assets	
	U.S.	Worldwide
1968	6.9%	6.6%
1969	7.3%	6.5%
1970	6.4%	6.4%
1971	5.7%	6.6%
1972	5.6%	6.5%
1973	5.9%	8.5%

Although our U.S. earnings did recover in 1973, the asset base from which earnings are generated has grown by more than a third since 1968. This is why the rate of return on our U.S. operations in 1973 was significantly lower than it was in 1968.

Our rate of return on U.S. operations must continue to recover from these depressed levels if we are to generate and attract the flow of capital funds required to find and produce oil and to build the manufacturing, transportation, and distribution facilities to meet this country's future energy needs.

The 1973 increase in our U.S. earnings largely reflected higher prices for the crude oil and natural gas we produce ourselves, as well as a significant reduction in U.S. marketing expenses. Our own domestic production of crude oil and liquids, however, supplies less than half of the input of our U.S. refineries. The higher prices we paid for the large volumes of crude oil and other raw materials we had to buy substantially offset increases in U.S. product prices.

In the foreign area, in addition to the currency factor, general product price improvement helped to offset large increases in crude oil costs. The contribution to corporate earnings from our chemical operations, while not a major factor in Mobil's results, rose significantly in 1973.

Cash dividends paid in 1973 were \$2.80 a share, compared with \$2.65 a share the previous year. The 1973 dividend payment was the maximum permitted Mobil under the guidelines of the government's Committee on Interest and Dividends.

This was the 13th consecutive year in which our dividend payments have increased. In January, 1974, the directors increased the quarterly dividend from 70 to 75 cents a share and declared an extra dividend of 5 cents a share.

Continuing their steady rise of recent years, capital and exploration outlays reached the record level of \$1.33 billion in 1973, an increase of 13.0% over the previous year. We anticipate that capital and exploration outlays will be approximately \$1.5 billion in 1974, provided that we have opportunities to lease federal lands and that the net effect of any changes in tax laws and other laws is to preserve the economic environment needed for the company to make such investments. Well over half the outlays are planned for the United States, and the bulk of our U.S. outlays are to be devoted to exploration and producing.

Several events had a direct or potential impact on our business during the year.

The most important of these involved relations with governments of the oil-producing countries. In some countries, these involve the arrangements under which the governments acquire interests in the companies' producing operations. In two countries, Iraq and Libya, certain of our assets were nationalized. (Details of these developments are given in the Financial Review on page 33 of this report.)

On October 16, the Persian Gulf member states of the Organization of Petroleum Exporting Countries unilaterally revised the Tehran pact of 1971 to increase the companies' payments for income taxes and royalties.

As a result of this action and a further rise on January 1, such payments on each barrel produced increased nearly fourfold in less than three months. In addition, our costs would be further increased as a result of demands by various governments for larger interests in producing operations and higher prices for the government-interest oil we buy.

Eleven Arab nations ordered the first in a series of cutbacks in oil production and an embargo on oil liftings destined for the United States on October 17. On October 28, the embargo was extended to the Netherlands. Although the production cutbacks were somewhat eased in January, 1974, the embargoes against various countries, including the United States and the Netherlands, continued.

As the tempo of events has accelerated and the energy crisis has intensified, we in Mobil have had to achieve massive shifts of our supply patterns. With our worldwide operations disrupted, Mobil people have worked long hours and made extraordinary efforts to maintain the flow of petroleum products to market. They appear to have met at least the critical needs of our customers.

Having made these efforts, Mobil people, like others in the oil industry, find themselves accused of deceiving the public and misleading the government. We who have responsibility for managing Mobil know that our employees are not conspirators. We assure you that we ourselves are not.

These allegations are not only inaccurate and unfair; they are also unproductive. They will not bring forth one more barrel of oil. Only the intensified ef-

forts of the dedicated people who work in the industry can achieve that.

Much has been said this year about changes in the U.S. tax laws as they affect oil companies. Congress obviously has many options available in revising these laws. We would urge the lawmakers to approach the matter in an orderly, not a piecemeal, fashion. If the changes make it unattractive for capital to be invested in the search for new energy supplies at home, or cause U.S. oil companies to be less competitive in exploration and production overseas, then the question must be asked: Is this a sensible action for this country? We would also emphasize that any increase in the oil industry's tax payments can only result in increased costs to consumers, if oil companies are to maintain their financial viability in the United States. Because of their large capital outlays and other financial requirements, oil companies simply do not have the capacity to absorb the impact of higher taxes.

There have been charges that the oil industry does not provide reliable statistics to governments. Yet, like other companies, Mobil has for years reported statistics on inventories and other aspects of operations to various government bodies, such as the U.S. Bureau of Mines. The statistics we report to government are based on information that we depend on for the successful operation of our own business. Until now, however, the government has not collected figures on inventories and product movements from the secondary level of distribution—the terminal operators, distributors, and dealers who receive our product after it

leaves our storage tanks. When William E. Simon, the Federal Energy Administrator, announced in January, 1974, his decision to audit supply, price, and profit data of the oil-refining industry, we publicly affirmed our support. We are confident this audit will demonstrate that the industry regularly provides full and accurate information to government.

A year ago in these pages, we asserted that environmental fears had aggravated the energy shortage, pointing out how offshore exploration had been delayed and construction of the trans-Alaska pipeline blocked. Since then, the pace of offshore leasing has been stepped up somewhat, and the permit to build the pipeline has been granted. But these actions, taken in a crisis atmosphere, do not by any means remove all the obstacles to increased crude oil availability in the United States. What is still lacking is a broad-based, coherent approach that recognizes the need for a reasonable balance between environmental considerations and energy needs.

In January of this year, Herman J. Schmidt was elected to the new position of vice chairman of the board, with responsibility for public affairs. Mr. Schmidt now assists us in developing policies and positions on important issues and in representing Mobil with governments and various publics. He previously served as executive vice president in charge of Middle East, supply and distribution, marine transportation, and international sales. A director since 1957, Mr. Schmidt continues as a director and member of the executive committee of the board.

Paul J. Wolfe was elected a

director, an executive vice president, and a member of the executive committee, and assumed Mr. Schmidt's former portfolio. In more than 30 years with Mobil, Mr. Wolfe has held a variety of increasingly responsible posts involving the company's worldwide operations.

On September 30, Grayson L. Kirk retired as a director. Elected to the board in 1950, Dr. Kirk was Mobil's first non-employee director. We value his contributions to the deliberations of the board in his many years of service.

We would like to express our gratitude to Mobil employees for their extraordinary efforts in response to the problems we face. With their continued dedication and the support of our shareholders, we are confident Mobil can play a useful and constructive role in the resolution of our energy problems.

March 1, 1974

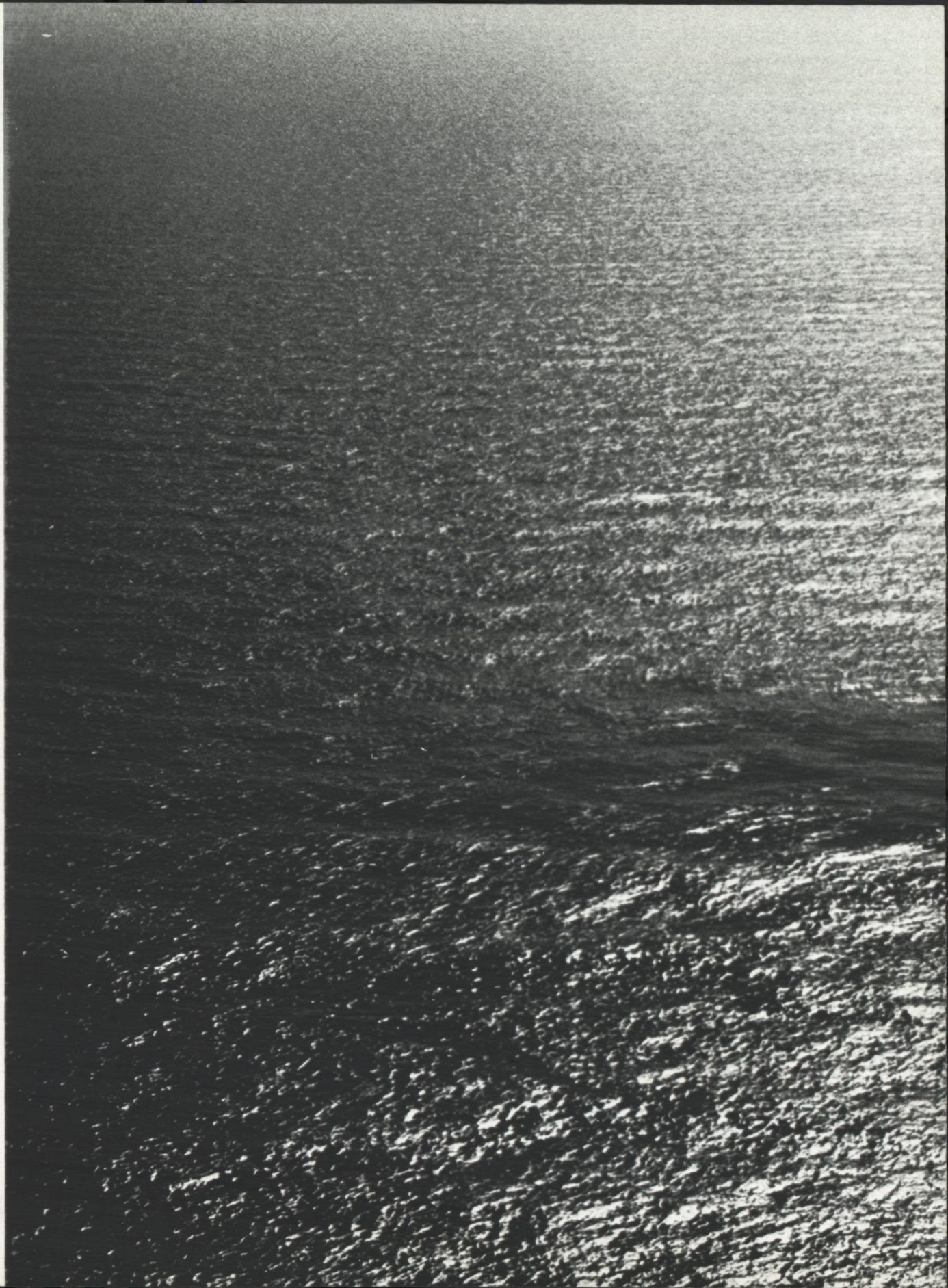
Rawleigh Warner, Jr.
Rawleigh Warner, Jr.
Chairman

W. P. Tavoulareas
W. P. Tavoulareas
President

Rawleigh Warner, Jr., left, and
W. P. Tavoulares.

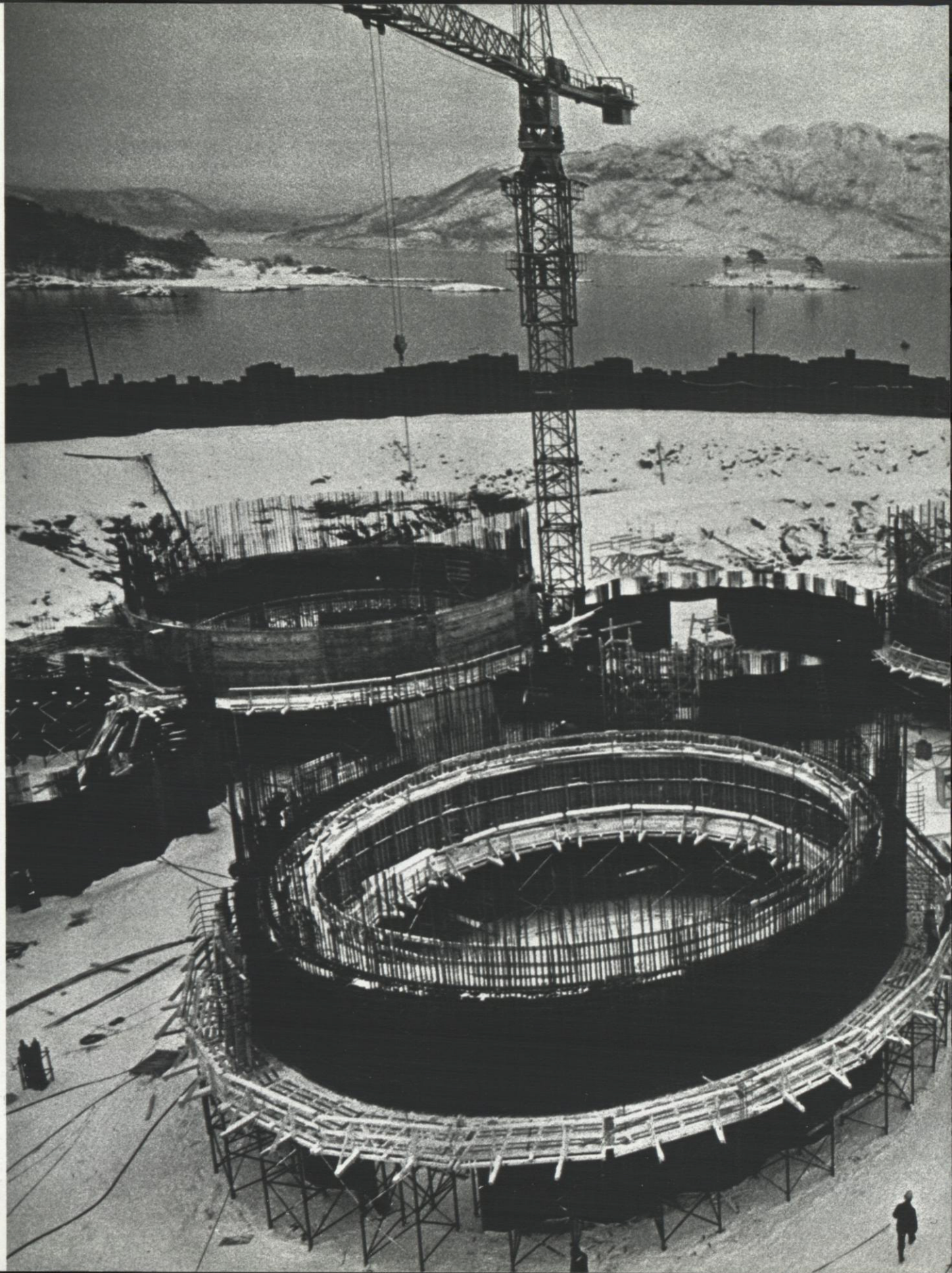


In the Gulf of Mexico, a lee-side calm stretches away from the deep-draft *Mobil Progress* as it lighters Nigerian crude oil into a smaller Mobil tanker that will carry it to storage tanks ashore. Lightering was necessary because the United States has no port capable of handling deep-draft tankers.





At Stavanger, Norway, a cofferdam surrounds the construction site of a mammoth drilling and production platform to be placed in the North Sea in the summer of 1975. Under a blanket of fresh snow, workmen pour concrete for some of the platform's 19 storage caissons.



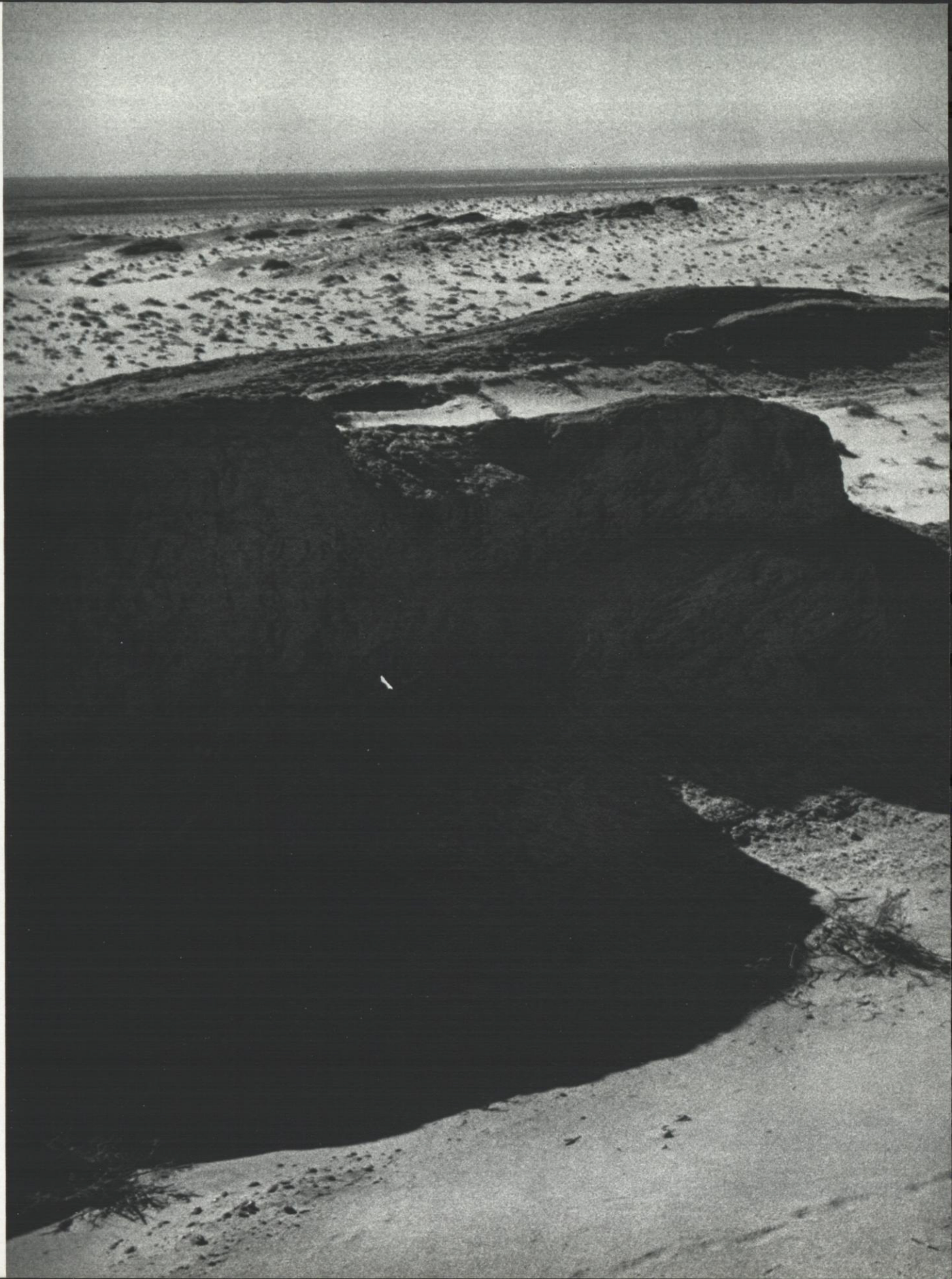


In northwest
Canada, on the
Mackenzie
Delta, the lights
of a solitary
drilling rig burn
around the
clock during
the dark winter
months.



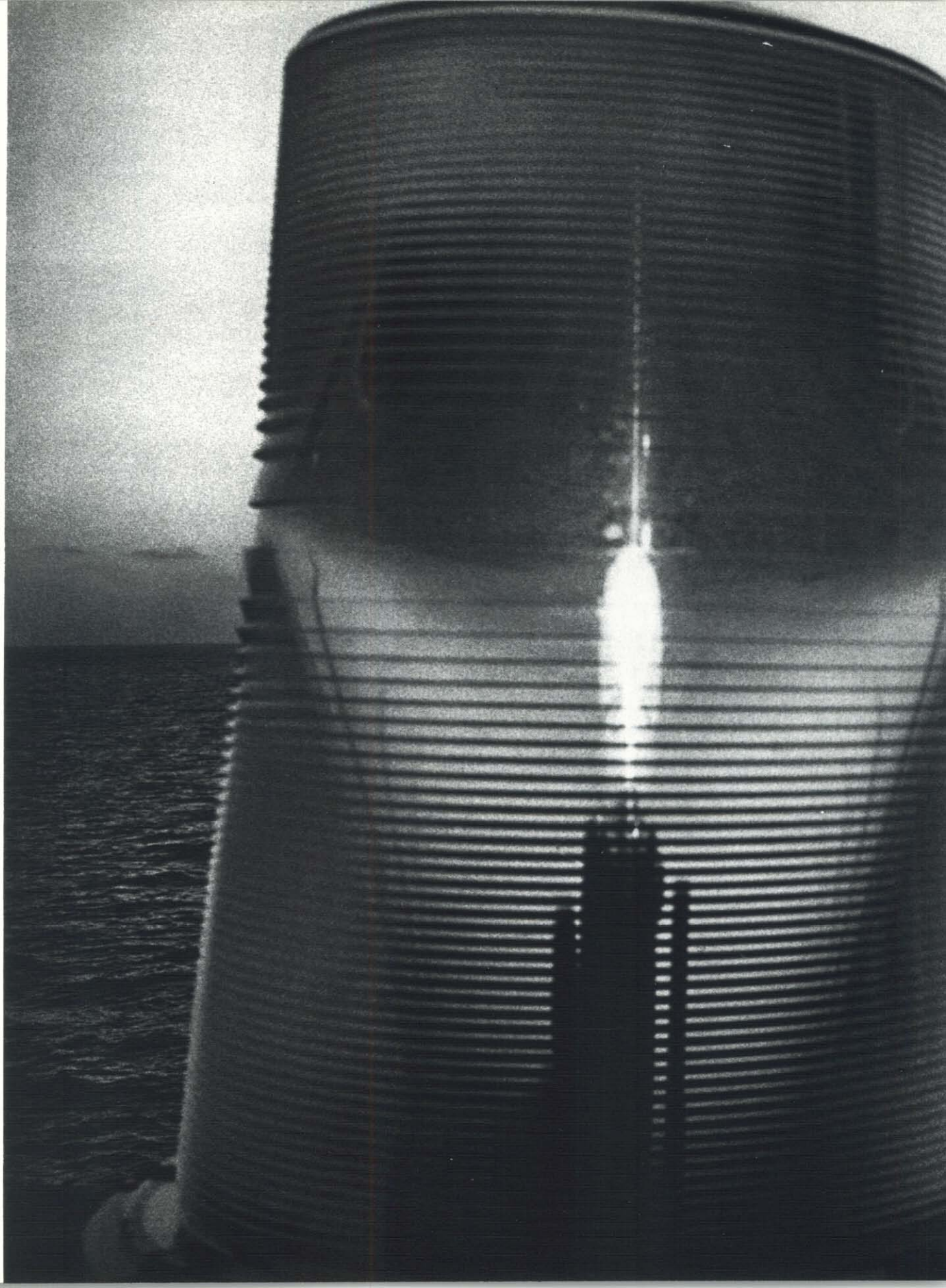


In Tunisia's southern desert, late afternoon sun covers a cliff-face with deep shadow, while a seismic crew seeks clues to underground formations that could contain oil.





In the Gulf of Mexico, a beacon marks the test site for a new oil-production system installed on the sea floor. The platform in the background supplies crude oil used in testing the system.





In Sumatra,
the rainy
season turns
open fields
into seas of
mud,
forcing Mobil
seismic
crews to work
under cover
on makeshift
platforms.



The year 1973 saw major, far-reaching developments affecting the production of oil, such as pressure by the governments of certain oil-producing countries for increased participation in the business affairs of the international oil companies, sharp increases in the cost of crude oil imposed by the oil-producing governments, and limitations on exports of crude oil from various countries.

During the year, Mobil continued to take significant steps toward finding and developing new and diversified sources of oil and gas. The company confirmed the discovery of an oil field in the North Sea and an important natural gas field in Indonesia, participated in several discoveries in North America, and carried forward a wide range of exploratory activities in several parts of the world.

In the Gulf of Mexico, Mobil announced two discoveries of oil and gas offshore Louisiana on Eugene Island Block 333. This block was acquired by Mobil and other companies in the December, 1972, sale of federal offshore leases. Mobil has a one-third interest. One development-drilling platform has been installed on this

block and a second is on order.

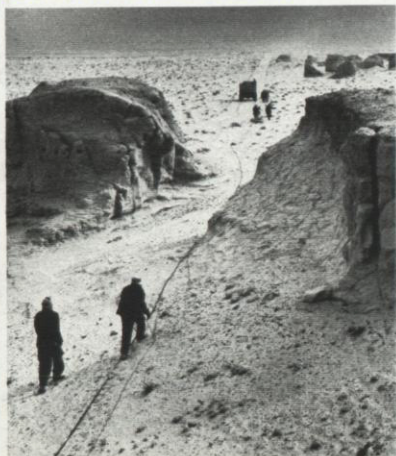
Drilling operations are continuing on other Mobil-interest blocks acquired in the sales of September and December, 1972. Production of natural gas began from three blocks acquired in the December, 1970, sale, and production of oil began from one block acquired in that sale.

At a sale held in June, 1973, Mobil acquired interests in eight offshore leases, six off Texas and two off Louisiana. Mobil paid \$72 million for 17,944 net acres in this sale. One well, the High Island Block A-573 #1 (Mobil 33⅓%), tested gas from two zones. A second well, the High Island Block A-572 #1 (Mobil 25%), penetrated two indicated gas zones but was not tested.

Mobil paid \$271 million for 22,320 net acres in nine offshore leases at the sale of eastern Gulf of Mexico acreage held on December 20, 1973. Drilling is planned for the current year.

Mobil continued its emphasis on programs to maximize recovery of oil from fields already in production, through expanded use of waterflooding

A seismic crew sets out lines on southern Tunisia sands.



A tanker casts off after taking on a cargo of Nigerian crude.



Soft terrain is undamaged by a specially designed vehicle.



and thermal recovery and through application of new technology. Approximately 75% of Mobil's U.S. production of crude oil now comes from oil fields in which improved-recovery processes are in operation.

Mobil also took steps to improve its position in other sources of energy in the U.S. The company now has various coal properties in western states and is going forward with plans to acquire additional properties. It has been carrying on an exploration program for uranium. The company has had a significant position in shale lands for many years and is active in shale research.

In the waters off eastern Canada, crude oil was recovered in tests of the well Cohasset D-42 (Mobil 85%), located 25 miles southwest of Sable Island and 165 miles east of Halifax, Nova Scotia. The Cohasset well yielded high-gravity, low-sulfur crude oil and small amounts of natural gas in three of five zones tested.

This is the third exploratory well to yield hydrocarbons on test in our program to drill a series of exploratory wells (Mobil 85%) in the area east of Nova Scotia. The first was the E-48

discovery well drilled in 1971 at the west end of Sable Island, which flowed oil and gas on test. The second was the Thebaud P-84, which discovered natural gas in 1972 in waters six miles southwest of the Sable Island well. On Sable Island, seven appraisal wells have been drilled since the E-48 discovery. Operations have been suspended while results are analyzed to determine if reserves are sufficient to justify commercial development.

On the Grand Banks approximately 200 miles east of St. John's, Newfoundland, two wells were drilled and abandoned on acreage in which Mobil has a 75% interest. A third well was drilled and abandoned 240 miles southeast of St. John's, also on 75% Mobil acreage.

In the Mackenzie Delta in Canada's Northwest Territories, a step-out well from a 1972 discovery flowed gas from five zones on test. The well, the Parsons N-10 (Mobil 25%), is one and a half miles north of the Parsons F-09 discovery well, which found gas. Another discovery of gas was made in the Ya-Ya P-53 well, about 35 miles to the northwest. It has not been determined whether

these discoveries are in commercial quantities. Three rigs are continuing to drill on acreage in the Mackenzie Delta in which Mobil holds a 25% interest.

In the North Sea, Mobil successfully completed a confirmation well in the Beryl field, discovered a year earlier. The field is in Block 9/13, approximately 100 miles southeast of the Shetland Islands. Work began promptly on construction of a concrete platform from which development wells will be drilled and oil produced. The platform, which is being built in Stavanger, Norway, is due to be installed in the field in the summer of 1975. Mobil, the operator, has a 50% interest in Block 9/13.

In the Norwegian sector of the North Sea, Mobil has a 15% interest in two blocks—33/9 and 33/12—awarded to a group of companies by the Norwegian government during the summer. Mobil was selected by the government as operator for the group, and the Norwegian State Petroleum Company will be entitled to a 50% interest in the event of commercial production. Drilling on one of the blocks began in December.

In the Mackenzie Delta, crews begin a move to a new drillsite.



An Indonesian carries cable for a seismic crew his own way.



A ship prepares to drop anchor before taking on Mobil crude.



In Indonesia, where Mobil discovered the Arun gas field, drilling confirmed additional reserves, and planning went ahead with Pertamina, the state oil company, for the construction of a plant to liquefy gas from the field. Several successful appraisal wells have been drilled in the field, which is on the onshore "B" Block of North Sumatra.

Mobil also signed a production-sharing contract with Pertamina covering five million acres offshore from Kalimantan in the Makassar Strait in waters with depths from 600 to 4,000 feet. Seismic work has begun.

Here are the highlights of other Mobil exploration and producing activities:

Iran: Exploratory drilling continued on certain onshore and offshore acreage in which Mobil is the only major international oil company to hold an interest. No discoveries have been made to date.

Nigeria: Drilling continued in the waters off eastern Nigeria. Production from this area continued to rise rapidly and averaged 222,000 barrels daily, reaching a level of 245,000

by year-end. Onshore in Nigeria, drilling began by year-end on acreage in which Mobil can earn a half-interest.

Germany: Mobil continued its successful program of exploration for natural gas, both in Bavaria and near Bremen. Production of gas continued to rise by significant amounts.

Venezuela: A wildcat well, drilled by Mobil under a service contract with Venezuela's national oil company, discovered oil beneath south Lake Maracaibo in February, 1974. Three previous wells drilled under this contract were dry.

Tunisia: Seismic work continued on Mobil's 10.2 million-acre concession onshore in the southern part of the country.

Egypt: Mobil signed a concession agreement with the Egyptian General Petroleum Corporation, the state oil company, to undertake an exploration program on an area of about 1.5 million acres offshore in the Nile Delta area.

South Vietnam: Mobil began seismic work on offshore acreage granted during the year by

the government of South Vietnam.

Republic of Zaire: Exploratory drilling continued in 1973, but without success. Drilling has been suspended and Mobil's prospects are being evaluated.

Mobil's worldwide gross production of crude oil and natural gas liquids, including liftings under long-term arrangements, increased 5.1% to an average of 2,522,000 barrels a day. Worldwide natural gas production increased 2.4% to 3.7 billion cubic feet daily, with most of the growth coming from Germany and Canada.

At year-end 1973, Mobil's estimated net proved reserves of crude oil and natural gas liquids in the United States, including the North Slope of Alaska, were 1,200 million barrels (year-end 1972: 1,300 million barrels). Estimated net proved natural gas reserves at year-end 1973 in the United States were 8,300 billion cubic feet (year-end 1972: 9,000 billion cubic feet).

In Canada, Mobil's estimated net proved reserves of crude oil and natural gas liquids at year-end 1973 were 500 million barrels, approximately the same as

at year-end 1972. Year-end 1973 estimated net proved natural gas reserves in Canada were 1,800 billion cubic feet (year-end 1972: 1,600 billion cubic feet).

A driller gives instructions to a Mobil crew in Nigeria.



Drilling pipe is brought to a rig offshore Eastern Canada.

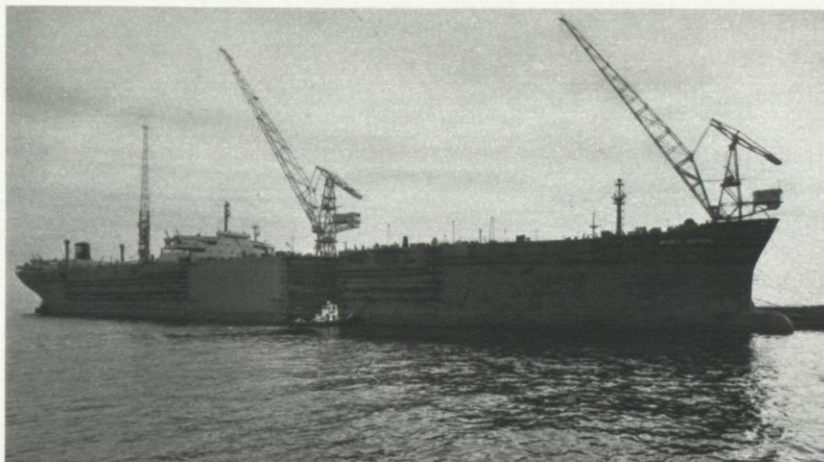


A seismic crew drills a shot-hole in northern Sumatra.



In northern Canada, equipment must function at minus 40°.





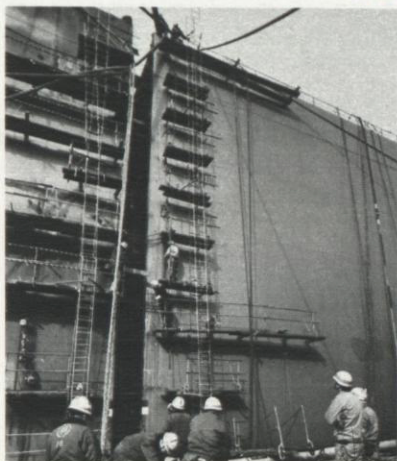
Two sections of enlarged *Mobil Astral* are joined in Japan.

Supply disruptions in the Middle East vastly complicated the operation of Mobil's transportation system in late 1973. Still, our tanker fleet moved huge volumes of crude oil to Mobil refineries around the world—and delivered product to Mobil customers—with continued efficiency.

To accomplish this, we continued to acquire larger, more economic crude-carrying tankers, as well as smaller tankers for product delivery and for crude shipments to terminals unable to handle larger vessels.

The average size of vessels in Mobil's deep-sea fleet rose to 78,000 deadweight tons in 1973, from 65,000 deadweight tons the year before. We took delivery of two additional Very Large Crude Carriers (VLCCs)—vessels between 200,000 and 300,000 tons—in 1973: the 212,000-ton *Mobil Petroleum*, and the *Mobil Magnolia*, which, at 276,000 tons, became the largest owned vessel in Mobil service. Five chartered VLCCs also entered service in 1973, bringing the total number of VLCCs in the Mobil fleet to seven owned and 11 chartered vessels.

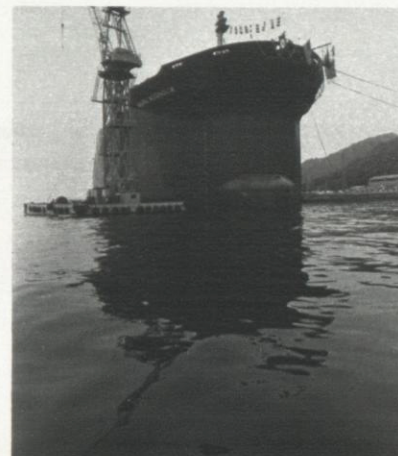
Shipyards workers see that sections of the *Astral* fit snugly.



Welder takes a break on offshore terminal at Sete, France.



The *Mobil Magnolia* makes her debut at christening in Japan.



The substantially lower cost of moving crude in VLCCs continues to warrant wider use of these vessels. At year end, we had seven additional VLCCs on order or under construction for delivery before the end of 1976, and five chartered VLCCs scheduled for operation by the end of 1975.

Mobil also filed an application with the U.S. Maritime Commission last year for a construction-differential subsidy to build a U.S.-flag VLCC.

The *Mobil Daylight* returned to service in 1973, enlarged by half to 150,000 tons. This "jumboizing" of the *Daylight* was the largest tanker-reconstruction project ever undertaken. Similar work on a second Mobil-owned 100,000-ton tanker, the *Mobil Astral*, was begun last October.

Mobil placed several smaller vessels in service in 1973. Three were 30,000-ton product carriers; two of these, the *Mobil Engineer* and the *Mobil Navigator*, were built in Norway, and the third, *Corsicana*, was built in Italy.

At year end, our tanker fleet totaled 9.4 million deadweight tons. This included 43 owned

vessels totaling 3.6 million tons, and 77 tankers under charter totaling 5.8 million tons.

We continued our efforts to minimize the risk of pollution of the seas from our marine operations. Our vessels are fitted with the latest navigation equipment, and are manned by carefully trained crews. Mobil VLCCs are equipped with dual radar systems, and computers are being installed on these vessels to assist officers with navigation and maneuvering.

Mobil has endorsed the 1969 amendments to the International Convention for the Prevention of Pollution of the Sea by Oil, and adopted their requirements for all our tankers worldwide, even though this treaty has not yet come into force.

Tanker-loading and discharge facilities throughout the Mobil system were further improved in 1973 to permit increased use of VLCCs. Mobil acquired an interest in VLCC-receiving facilities in Singapore to serve the company's newly expanded Jurong refinery. Construction of additional VLCC port facilities was started last year in Tokyo Bay to serve the refinery at Chiba, Japan, in which Mobil

owns a half-interest.

In France, we started construction of an offshore terminal at the port of Sete in the Mediterranean capable of handling tankers of up to 270,000 tons. The terminal, a single-buoy mooring, is linked by underwater pipeline to the Mobil refinery at nearby Frontignan.

In the United States, although feasibility studies are continuing for deepwater terminals on the Gulf and East Coasts, the nation is still without a port capable of receiving deep-draft tankers. Mobil is a participant in Seadock and Loop, proposed deepwater terminals for offshore Texas and Louisiana. These projects require Congressional action on legislation that would permit construction of the terminals.

Pipelines also have been affected by the changing energy situation. To help cope with supply problems created by Canada's decision to restrict petroleum exports to the U.S., Mobil Pipe Line Company is expanding the capacity of its crude oil pipeline from Texas to Illinois, and is participating in several studies involving construction of large-diameter

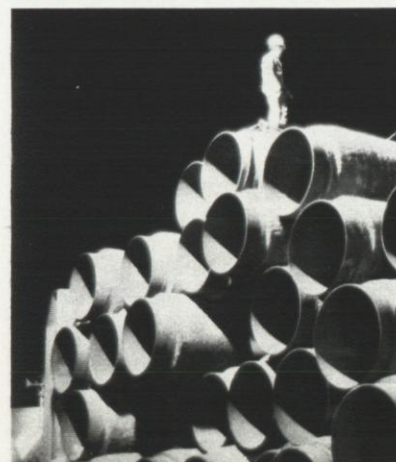
pipelines to the Midwest from the Gulf Coast. Expansion of the Wolverine (Mobil 21%) and West Shore (Mobil 14%) pipelines has been approved in order to increase the flow of product to the Chicago and Detroit areas and to Wisconsin from Mobil's refinery near Joliet, Ill. Capacity of the Olympic pipeline (Mobil 29.5%) will be expanded by nearly half to 245,000 barrels a day to help satisfy demand for gasoline and fuel oil in the Pacific Northwest.

Construction of the trans-Alaska pipeline (Mobil 8.68% at year-end) won government approval in 1973. Legislation that removed a major obstacle to building the pipeline, however, also has imposed unprecedented and exceptionally burdensome conditions on its construction and operation. For this reason, and because construction cost estimates have increased substantially, Mobil advised the U.S. Secretary of the Interior that the company may exercise its option to reduce participation in the line to 4.34%. The pipeline will take about three years to build once construction starts.

Pipeline barge links sea terminal to Frontignan refinery.



Pipe is stored for offshore terminal at Sete.





On the shores of the North Sea
a 495-acre refinery site is formed.

Mobil manufactured more gasoline and heating oil in 1973, both in the United States and overseas, than in any other year in our history, despite restrictions on crude oil availability.

As a result of expansion programs and operating improvements, Mobil's 1973 refinery runs worldwide averaged 2,365,000 barrels a day, an increase of 7.8% over 1972. Although Mobil's U.S. refinery runs have been markedly reduced in 1974 under mandatory government allocation of crude oil, they averaged 907,000 barrels a day in 1973, up 11.2%. Refinery runs abroad averaged 1,458,000 barrels a day, a 5.8% increase. The latter figures include runs in both wholly and partly owned refineries and under processing agreements in facilities owned by others.

Although the rate of growth in market demand has slowed somewhat, and crude oil supplies are limited, we must still provide for the long-term growth in demand that is foreseen in most industrialized nations by increasing refining capacity.

In the United States, performance at the company's newest refinery, near Joliet, Ill., has

Units are added at Mobil
refineries to meet growing need.



Mobil refinery construction and
expansion continues.



exceeded expectations. With a rated capacity of 160,000 barrels a day when it came into full operation in early 1973, Joliet now processes 175,000 barrels a day—and, on occasion, has operated at even higher levels. One of the cleanest and most efficient oil refineries ever built, Joliet is an important source of gasoline, heating oil, diesel fuels, and liquefied petroleum gas for the North Central states.

With Joliet on stream, the company's plan was to use its 47,000-barrel-a-day East Chicago, Ind., refinery to custom-refine raw materials furnished by other companies which needed additional refining capacity. Difficulties encountered by processing customers in obtaining crude supply led Mobil to announce in November that it intended to "mothball" the plant. However, implementation of this decision was delayed pending clarification of crude oil availability.

We are proceeding with the early stages of a project for the modernization and expansion of the refinery at Paulsboro, N.J. The project would incorporate the latest systems and equipment for environmental protec-

tion, and would expand the refinery from about 100,000 barrels a day to 250,000 barrels a day by 1977.

Elsewhere, a large refinery expansion was completed at Jurong, Singapore. The Jurong plant's capacity grew from 27,600 barrels a day in 1971 to 175,000 barrels a day in 1973.

The Coryton, England, refinery was expanded 30% to 175,000 barrels a day. Included in the expansion was a new 100,000-ton-a-year asphalt plant, which began production late in the year.

Construction of a new 160,000-barrel-a-day refinery scheduled for completion in 1975 began at Wilhelmshaven, Germany. This was preceded by a comprehensive assessment of the quality of the environment in the community to ensure that we could maintain that quality. The completed refinery will have the most advanced pollution-control features, including measures to reduce the noise of all operating equipment to very low levels.

Expansion of the refinery at Durban, South Africa, which will

raise output from 60,000 to 100,000 barrels a day, is proceeding on schedule.

A refinery at Chiba, Japan, in which Mobil owns a half-interest, is being expanded by 46,000 barrels a day.

Forty thousand barrels a day of new capacity has been added at the Frontignan refinery, on the southern coast of France.

In other developments at refineries abroad:

- A new 300,000-ton-a-year asphalt plant began operation at the Woerth, Germany, refinery.
- At the Naples, Italy, refinery, modernization studies are under way, and new air and water pollution-control measures are being applied.
- Twenty thousand barrels a day of new capacity was added to the refinery at Neustadt, Germany. Mobil has a half-interest in this plant.
- Twenty-one thousand barrels a day of new Mobil capacity will be added at the Mobil-operated, joint-venture refinery at Adelaide, Australia, to manufacture fuel products and to provide feedstocks for the new Mobil-owned 3,000-barrel-a-day lubricating-oil plant, which is

currently under construction.

Mobil refineries are making special efforts to save energy. In a major program at U.S. refineries, concerted management attention and operating improvements throughout 1973 brought about a 5% reduction in energy use—equivalent to saving 1.5 million barrels of crude oil a year. Capital investments totaling \$12 million are planned or in progress at U.S. refineries to further reduce energy consumption, largely through improved furnace efficiency and waste heat recovery. This is expected to save the equivalent of an additional 1.5 million barrels of crude oil a year. Comparable results are expected elsewhere in the world.

At Joliet, Ill., America's newest refinery hits full stride.



Construction workers at Wilhelmshaven, Germany, erect tankage.





A DC-9 is fueled at Boston's Logan Airport.

Despite worldwide shortages of crude oil and the consequent problems of meeting customer needs, Mobil's average petroleum product sales in 1973 reached 2,482,000 barrels a day, an increase of 3.0% over 1972, but a lesser increase than in previous years. United States sales were 1,009,000 barrels a day, an increase of 0.5%, and total sales in all other countries were 1,473,000 barrels a day, a 4.8% increase.

Cutbacks in crude oil production and other restrictions by producing countries, particularly in the Middle East, added new dimensions to a supply problem that had been developing even before the beginning of the year. Abroad, a wide variety of government controls were initiated covering allocation and distribution of petroleum products. In the United States, Mobil put its own allocation plan for heating oil into operation in November, 1972. A similar plan for allocating gasoline was begun on June 1, 1973. Both plans were designed to give all our customers an equitable opportunity to purchase Mobil products.

Mandatory federal allocation of crude oil and all refined prod-

Stations like this one stress efficient operations.



ucts took effect on January 14, 1974. It superseded an earlier federal program for distillate allocation and Mobil's voluntary programs. For most products, the current regulations generally require us to supply customers based on volumes received in 1972. This requirement has caused discontinuity and uncertainty for some recent customers.

While troubled with shortages, American oil companies and their customers continued to be confronted, in addition, with complex price-control regulations which further complicated the problem of establishing prices for some 2,000 products that would be fair to both consumers and the company.

Federal regulations do not permit recovery of all operating cost increases. Mobil offset some increases by intensifying or initiating a number of cost-reduction programs in 1973.

Improved marketing efficiencies were achieved in the North American Division through consolidation of resale marketing activities into four regions, with commercial sales becoming a separate function administered from New York headquarters.

Reductions in the cost of operating our retail credit card system in the United States continued in 1973. The major portion of the reductions in overall expense was achieved through a consolidation of data-processing facilities, the addition of more efficient automated systems, and increased income from the sale of general merchandise to cardholders.

Mobil announced at the end of June that we were ending all gasoline and heating oil advertising. In the United States, we undertook a broad-scale effort to inform the public about the oil shortage and to offer suggestions on conserving energy. The campaign has been expanded to emphasize Mobil's worldwide search for new petroleum reserves.

Mobil has also sharply curtailed construction of new service stations both in the United States and abroad.

Throughout 1973, we maintained our leadership position in premium-quality lubricants for transportation and industry. During the year, products which account for a significant percentage of our worldwide volume of lubricant and allied-product sales underwent reformulation

that raised performance capabilities to new high levels.

Mobil introduced a new patented synthesized hydrocarbon lubricant for auto engines in a number of overseas markets in 1973. Tests show that it extends engine life and reduces lubricant consumption. The product has gained rapid customer acceptance, and by year-end, demand had already outdistanced projected sales.

Other synthesized hydrocarbon lubricants gained in industrial applications where reliable performance is vital. These applications include standby gas-turbine electric-power generators, which protect the nation's telecommunications network.

Still another market for these lubricants is the commercial airline industry; Mobil supplies over 60 international airlines.

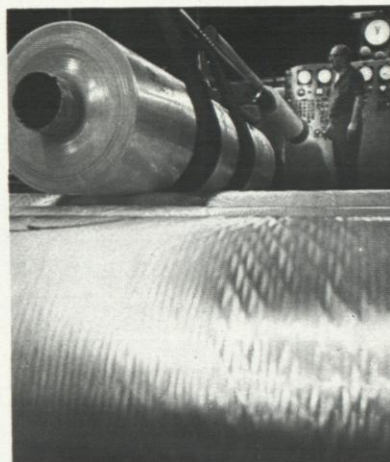
As part of our sales strategy, we have, for many years, provided an exclusive engineering service to show commercial customers how to get the most from each gallon of lubricant. During 1973, a period when shortages were becoming widespread, in-plant conservation achieved new importance.

In a brisk New England winter, a delivery run begins.



At Vienna's Flughafen Schwechat, a refueling job is completed.





Polypropylene films are made at Stratford, Conn., plant.

Mobil Chemical's contribution to earnings improved significantly in 1973 as the division benefited from continued industry-wide strengthening of demand and prices. Sales increased to \$570 million, passing the half-billion mark for the first time in the division's history.

Our petrochemicals facilities operated near capacity as world-wide demand increased sharply and prices moved upward. Ethylene, the leading petrochemical, is in increasingly short supply and no easing of the shortage is expected until major new capacity comes on stream. The expansion of Mobil Chemical's Beaumont, Tex., ethylene facility, begun in late 1972, is scheduled for completion by the end of 1974, doubling its capacity to 900 million pounds a year. The new plant has been designed to use a wide range of feedstocks.

Continued growth in plastics demand has resulted in our being virtually sold out in most of our major product areas. To keep pace with the rapid growth of our Bicolor plastic packaging film business, we expanded our capacity in this area. Bicolor film is used to replace cellophane in a variety of packaging appli-

Film makes a tough, clear package for retail products.



Expanding the Beaumont, Tex., ethylene facility.



cations, such as snack foods and tobacco products.

An important new plastics business area is the development of films designed to protect pallet-loads of products during shipment. By the end of 1974, three Mobil locations will be producing films to secure and weather-proof pallet-loads of virtually any product from canned foods to bags of fertilizer. The pallet overwrap films replace steel and fiber bands and corrugated packaging.

The Mobilware line of disposable polystyrene foam dinnerware has been broadened substantially with the addition of new sizes and shapes. Its rapid acceptance in institutions such as hospitals and schools has encouraged us to introduce it into the consumer marketplace under the Guestware label as a premium product for informal entertaining.

For outdoor dining, a new Hefty plastic tablecloth was introduced during the summer picnicking season. These tablecloths sold well in the introductory markets.

The Washington, N.J., plastic packaging plant is being ex-

panded to increase production and permit the establishment of a major distribution center there.

Our chemical coatings division, which produces a broad range of paint and allied products, made strong gains in wood finishes, industrial coatings, and specialty chemicals.

Sales from international coatings operations in Europe and Latin America, and revenues from licensing arrangements with major firms in Europe, Australia, and Japan, also have increased.

Completion of the Covington, Ga., packaging coatings plant has improved distribution to food and beverage container manufacturers throughout the Southeast, the region of greatest recent growth.

Mobil Chemical's coatings technologists are continually reformulating products in our major lines to ensure that they meet the most stringent environmental controls and provide maximum flexibility in the face of potential raw materials shortages.

Continued strong demand for

fertilizer worldwide has improved phosphate rock prices substantially. Our mining and production facilities are operating at capacity to meet the growing need for phosphate in agriculture and industry.

Higher sales volumes and prices characterized our industrial chemicals operations during the year. Sales of industrial phosphoric acids were particularly strong. Demand continued to increase for our Mocap pesticide, which has been approved by the Environmental Protection Agency for use with a wide variety of crops, including corn, tobacco, soybeans, peanuts, and sweet potatoes. It is also used overseas for bananas and pineapples.

Modown, a new herbicide developed by our research laboratories, was granted a temporary label by the Environmental Protection Agency. This is the first step toward full commercialization, which is expected in 1975. We expect Modown to become a leading product for control of broadleaf weeds in such crops as corn and soybeans. Modown, like our other crop chemicals, presents no hazard to the environment.

Mobil Chemical withdrew from the manufacture of terephthalic acid (TPA), which is used for the production of synthetic fibers, and sold its Beaumont, Tex., TPA plant to a manufacturer of other chemical products.

Our research laboratories have developed new can coatings for use with an ultraviolet curing system. This system permits substantial cost and energy savings by enabling manufacturers to coat and cure containers in a single operation, compared with three or four steps that now are required. In addition, the process eliminates the use of solvents in applying the coatings and thus is nonpolluting.

Original plant forms background for new construction.



Deep-set piling will support new ethylene production units.



Scaffolding rises at site of ethylene expansion.



Conservation of today's limited energy reserves and development of new energy sources for tomorrow were primary objectives of Mobil's research people in 1973.

Conservation begins in the oil fields, where we are developing and testing new methods of recovering more oil. Field testing of a promising new process called low-tension waterflooding got under way in Texas and Illinois during 1973.

The Texas test is at a small field we discovered more than 50 years ago. Through the years the field has yielded 20 million barrels of crude oil. But an estimated 20 million more barrels of oil remain in the ground—tightly locked within the pore spaces of dense rock. If the test is successful, an additional five million barrels of oil may ultimately be recovered.

More important, this process—and others now being developed—could add hundreds of millions of barrels of oil to Mobil's recoverable reserves in the United States.

Most of our research effort for 1973 was devoted to finding ways to provide more crude oil,

natural gas, and petroleum products to help meet today's needs. But we also are looking to the future. Mobil has conducted oil-shale and tar-sands research for more than a decade, for example, and in 1973 we joined a new group of companies which plans to test an improved method of extracting oil from shale.

Also under way is a long-range project to develop a practical, economic method for converting coal into gasoline.

Two oil-production systems that operate on the ocean floor are being developed and tested by Subsea Equipment Associates Ltd. (SEAL), in which Mobil holds a 20% interest. One is a large manned system that can produce oil from 12 to 18 wells in water depths beyond 600 feet. This system has completed a series of successful tests in the Gulf of Mexico, and testing is continuing. In 1973, a single-well system began testing in the Mediterranean Sea off Tunisia. Both are expected to be safe, economic methods of producing offshore oil and gas.

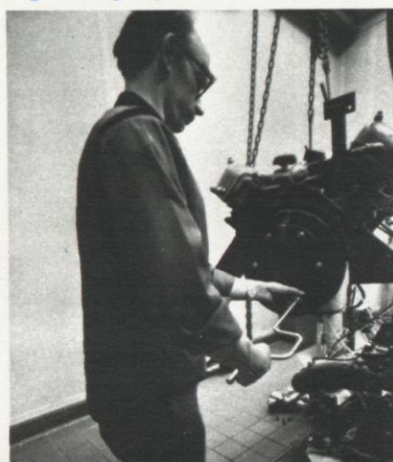
Twenty-four new and improved Mobil products went from research laboratory to market-

place in 1973. Among them was a unique, premium-quality, synthesized hydrocarbon lubricant for auto engines, which was introduced overseas.

Now in its final testing stage is a new lubricant for the sliding surfaces of machine tools used to make complex shapes to extremely close tolerances (example: titanium-alloy aircraft parts). By reducing friction, the new Mobil lubricant eliminates "chatter," which can ruin the piece being made.

Mobil also is helping its industrial customers operate more efficiently in many other ways. For example, power can be wasted by too thick a film of lubricant on gears, pistons, bearings, and other moving parts. Too thin a film, however, causes excessive wear. Mobil scientists now use complex mathematical formulas to predict the proper film thickness needed and select the proper lubricant.

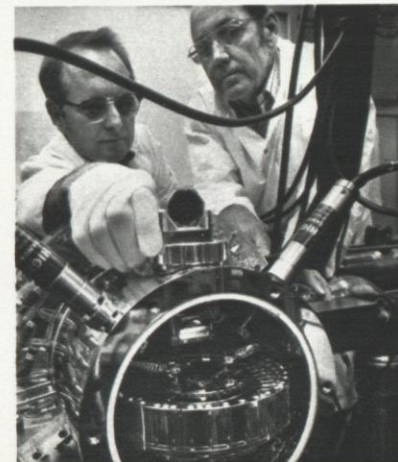
Engine is prepared for testing.



Examining diesel engine piston for signs of wear.



Mass spectrometer is used for rock analysis and dating.



In order to grow and prosper, Mobil depends on a large number of highly motivated employees with a great variety of skills. Especially in this period of rapidly changing conditions and priorities, much of our planning is aimed at ensuring that we will continue to have the right people in sufficient numbers. To this end, a full schedule of training and development programs for employees is in operation at Mobil locations around the world.

In a company that requires huge sums of money for investments and operations in every phase of its business, it is especially important to attract and keep highly qualified employees so that these sums are used wisely and efficiently. In 1973, Mobil spent \$940 million for employee wages and benefits, and this figure is expected to rise to over one billion dollars in 1974.

A five-year projection of the makeup of Mobil's workforce is updated each year and integrated with the corporation's business objectives. This review helps determine future needs and direct development plans so that the right people are in the right place at the right time.

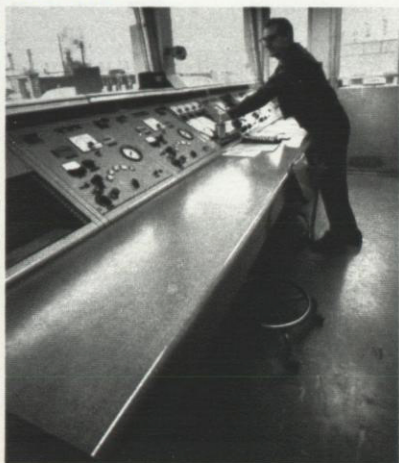
To implement such long-range planning, Mobil's Career Development Program is designed to identify high-potential employees, to assure the availability of qualified managers and professionals as they become needed, and, within the limits of individual breadth, talent, and ambition, to foster the continuous personal growth of employees.

We have a computer-based system to assist managers in identifying qualified employees for job openings.

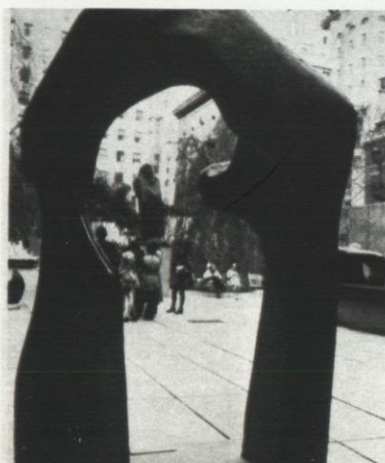
As an international company operating in over 100 countries, Mobil makes a concerted effort to foster a global approach to problems and events. For this reason, as well as to meet specific job requirements, Mobil currently has some 700 managers and professionals working in countries other than their own. Another two dozen foreign nationals working in Mobil affiliates come to New York annually on rotational developmental assignments, and several hundred more spend one or more weeks there on shorter assignments or courses.

While most learning and development occurs on the job, Mobil

Control room for outdoor testing of vehicles.



Mobil opens sculpture garden week-ends at Museum of Modern Art.



High school students gain skills in Mobil-sponsored program.



spent over \$7 million on employee training courses last year. Mobil offers several hundred in-house courses covering both management problems and technical education. Nearly 14,000 employees took one or more of these courses last year, while another 4,000 took part in outside conferences, seminars, and university short courses used to supplement the Mobil courses.

An Educational Refund Plan also helped some 1,000 domestic employees enroll in accredited courses last year. Over the years, many have earned undergraduate degrees with the help of the program.

In the United States Mobil has long had a policy against discrimination with regard to race, color, religion, sex, age, or national origin in its business relationships. Our commitment to the principles of equal employment opportunity includes equal pay for comparable work, equal treatment in hiring, training, and promotion, and equal eligibility for supervisory and management positions. We are devoting continuing attention to implementing this policy throughout the company.

Furthermore, Mobil affiliates outside the United States adhere to these same principles to the extent that they are not in conflict with the laws of the countries in which they operate.

To encourage more minority students to enter the oil industry, Mobil supports many traditionally black schools, primarily through direct financial support of programs, consulting, and equipment gifts to individual institutions. In 1973, Mobil recruiters visited 28 traditionally black colleges and universities in their annual search for new employees. Minority-oriented programs at several other schools are aided on an individual basis.

In the belief that students benefit from direct experience and understanding of the business world, Mobil for the past six years has sponsored a sophomore orientation program which brings students from over 20 traditionally black colleges to view Mobil operations for a week in New York, Paulsboro, N.J., and Philadelphia. Through the National Urban League, Mobil sends black executives as "visiting professors" to lecture on their work and talk about their experiences with students

at traditionally black colleges.

Several years ago Mobil established a task force to study the utilization of women in Mobil. Based on its recommendations, Mobil has instituted programs to promote the hiring and upgrading of qualified women at all levels within the company.

Recognizing that an employee's experiences off the job have a significant impact and influence on job performance and personal growth, Mobil encourages all employees to become involved in community activities where their knowledge, skills, and interests can be put to good use.

Mobil's Matching Gifts Program gives employees an added incentive to support schools and hospitals by matching the amount of employee gifts up to a total for both of \$4,000 a year.

Mobil realized long ago that its responsibility to individuals extends beyond the needs of its own employees to those of society at large, because business cannot flourish if the community it serves is deteriorating. This concern is reflected in part by Mobil's support of educational institutions, hospitals, commu-

nity funds, and civic programs across the United States.

Mobil sponsors the award-winning television series, "Masterpiece Theatre," broadcast on public television, and in 1973, in cooperation with the National Endowment for the Humanities, sponsored a nine-part dramatization of Tolstoy's *War and Peace*. Mobil also underwrites such projects as "Operation Sound Search" to uncover and develop musical talent in depressed areas of New York and Los Angeles.

Mobil affiliates abroad are equally active in their support of social and cultural programs within their own countries. Mobil Oil Turk A/S, for example, is currently building its 12th school in its program to bring educational facilities to rural areas. Mobil Sekiyu this year published *The Living Treasures of Japan*, a book describing Japan's "knighted" craftsmen.

And, to celebrate its 75th anniversary, Mobil Oil A.G. sponsored "Art in Germany: 1898-1973," an exhibit mounted by Dr. Werner Hofmann, director of Hamburg's prestigious Kunsthalle museum, and exhibited at Kunsthalle and in Munich.

Mobil counselor describes company to sophomore orientation students.



British youngsters romp during outing of Mobil-aided group.



Ghetto youths run successful Mobil service station.



Principles of Consolidation

The accounts of domestic and foreign subsidiaries more than 50% owned are included in the consolidated financial statements. Intercompany transactions are eliminated.

Significant investments in companies owned 50% or less are accounted for on the equity method, under which the investment is carried at cost plus equity in undistributed earnings since acquisition after applicable adjustments. Certain of these companies (principally the Arabian American Oil Company) are concerned primarily with the production of crude oil, Mobil's share of which is used in its own supply system. The corporation's equity in the pre-tax income of these companies is included in "Crude oil, products, materials, and operating expenses" and the corporation's share of the related taxes is included in "Income taxes." Mobil's equity in the earnings of all other companies accounted for on the equity method is reflected in revenue.

Investments in other companies in which Mobil owns less than a majority interest are stated at cost less applicable reserves, and only the dividends from these companies are included in income.

Foreign Currency Translation

Foreign currency items are expressed in U.S. dollars as follows: (a) non-monetary items, such as inventories, properties, plants, and equipment, and long-term investments, at exchange rates prevailing when acquired; (b) monetary assets and liabilities, including long-term receivables and long-term debt, at current rates of exchange; (c) reserves, except for depreciation, depletion, and amortization, at exchange rates prevailing when provided; (d) revenues, costs, and expenses, at average rates during the period, except depreciation, depletion, and amortization, which are calculated on the U.S. dollar cost of properties.

to the dollar, the translation of foreign currency monetary assets and liabilities, including uncompleted forward exchange contracts, may result in a net charge. The charge that is applicable to long-term borrowings, or the net charge, whichever is lesser, is considered to be a part of the cost of these long-term borrowings. As such, it is deferred and amortized over the remaining life of the borrowings. Generally, other gains and losses arising from foreign currency translations are included in revenues, costs, and expenses.

Inventories

Substantially all domestic inventories are valued at cost under the last-in, first-out method. Other inventories are valued generally at average cost. If the aggregate cost of all inventories were to exceed the aggregate market value at a balance sheet date, the inventory value would be reduced to market value.

In certain foreign countries, Mobil is required to maintain crude oil and products inventories at levels, specified by governmental authorities, considered to be greater than normal working requirements. Effective January 1, 1973, the portion of the inventories considered to be greater than normal working requirements is included on the balance sheet under Investments and Long-Term Receivables and is not revalued when changes occur in average cost.

Exploration and Mineral Rights (Leases)

Direct acquisition costs of unproven mineral rights (leases) are capitalized and then amortized in the manner stated below. Payments made in lieu of drilling on non-producing leaseholds are charged to expense currently.

Geological, Geophysical, and Intangible Drilling Costs

Geological and geophysical costs are expensed as incurred. Intangible drilling costs for wells that are not considered commercially successful are expensed. Intangible drilling costs attributable to wells that are determined to be commercially successful are capitalized when that determination is made and amortized in the manner stated below.

Depreciation, Depletion, and Amortization

Annual charges to income for depreciation

are computed on a straight-line basis over the useful lives of the various classes of properties or, where appropriate, by unit-of-production determined on an individual field basis.

Costs of producing properties are generally accumulated by field and depletion of these costs and amortization of capitalized intangible drilling costs are calculated by individual fields on the unit-of-production basis.

Capitalized acquisition costs of unproven mineral rights (leases) are amortized on a straight-line basis by charges against income over the full term of the leases or an appropriate shorter period. When a mineral right is surrendered, any unamortized cost is charged to expense. When a property is determined to be commercially productive, the unamortized cost of the mineral right then becomes subject to depletion.

Accumulated depreciation, depletion, and amortization is charged with the cost of assets retired, sold, abandoned, or otherwise disposed of. To the extent reserves were accumulated for specific properties, the balance, less any salvage value, is charged or credited to income.

Research and Development Costs

Research and development costs are expensed as incurred.

Maintenance and Repairs

Maintenance and repairs are charged against income as incurred. Major repairs which materially extend the life of properties are capitalized, and the assets replaced, if any, are retired.

U.S. Investment Tax Credits

U.S. investment tax credits are accounted for under the "flow through" method and are applied as a reduction of the provision for U.S. income tax.

Deferred Taxes

Deferred taxes are provided for significant transactions which affect book and taxable income in different years. Such taxes are not provided for permanent differences between book and taxable income, including the effects of U.S. statutory depletion and intangible drilling costs. Deferred taxes are not provided for the undistributed earnings of companies, either consolidated or accounted for on the equity method, which Mobil intends to reinvest indefinitely.

Earnings and Dividends

Mobil's consolidated net income in 1973 was \$849 million, or \$8.34 per share, an increase of 47.9% over the \$574 million, or \$5.65 per share, earned in 1972.

Shareholders received cash dividends in 1973 of \$285 million, an increase of \$16 million over 1972. Dividend payments rose to \$2.80 per share in 1973 from \$2.65 in 1972. The 1973 dividend represents payments of 70 cents per share in each quarter.

Shareholders' Equity

Shareholders' equity rose to \$56.11 per share in 1973, an increase of \$5.54 from \$50.57 per share in 1972. The rate of return on average shareholders' equity was 15.6%, compared with 11.5% in 1972.

Geographical Distribution

A geographical distribution of net income and shareholders' equity is shown in the table below:

	1973		1972	
	Total (In millions)	Per Share	Total (In millions)	Per Share
Net income (year ended Dec. 31)				
United States	\$ 275	\$ 2.70	\$ 239	\$ 2.35
Canada and other Western Hemisphere	61	.60	31	.30
	336	3.30	270	2.65
Eastern Hemisphere	513	5.04	304	3.00
Total	\$ 849	\$ 8.34	\$ 574	\$ 5.65

Shareholders' equity

(end of year)				
United States	\$2,776	\$27.25	\$2,666	\$26.20
Canada and other Western Hemisphere	155	1.52	199	1.96
	2,931	28.77	2,865	28.16
Eastern Hemisphere	2,784	27.34	2,280	22.41
Total	\$5,715	\$56.11	\$5,145	\$50.57

Negotiations and Relations with Certain Producing Country Governments

A number of oil companies operating in Abu Dhabi, Qatar, and Saudi Arabia, including companies in which Mobil has an interest, concluded general agreements under which the governments acquired an initial 25% interest in the companies' producing operations in those countries. These agreements, concluded in December, 1972, were effective as of January 1, 1973. Under these agreements, the governments are to compensate the companies for the initial interest over a three-year period and the governments have a right, upon payment of additional compensation, to increase their interest to 51% by January 1, 1982.

The agreements provide that amounts of compensation will be developed from the historical cost of operating facilities updated by means of an inflation index and for capital expenditures not previously recovered through depreciation and amortization for local income tax purposes.

These agreements also provide a right for the companies to purchase a varying proportion of the governments' share of the crude production at agreed formula prices.

During 1973, the governments have stated that these agreements need to be amended with respect to such important aspects as the timing of increased ownership and the quantities and purchase prices for the governments' share of crude oil production to be made available to the companies.

On February 20, 1974, the oil companies operating in Qatar concluded a further general agreement under which the government of Qatar will increase its interest in the companies' producing operations in that country to 60%, effective January 1, 1974.

Effective March 21, 1973, the government of Iran and the consortium of companies owning Iranian Oil Participants Limited (7% Mobil), reached a 20-year agreement under which the government will sell to the companies quantities of oil produced over the 20-year period at prices that will yield essentially the same financial result that would have accrued had Iran entered into a partici-

pation agreement similar to ones originally concluded in Abu Dhabi, Qatar, and Saudi Arabia.

On June 1, 1972, the Iraqi Government nationalized oil fields and related pipelines in the northern part of the country which were owned by Iraq Petroleum Company, Limited (11.875% Mobil). Agreement was reached, effective February 28, 1973, whereby the government agreed to deliver oil over a 15-month period as compensation for the nationalized assets and the shareholder companies of Iraq Petroleum Company, Limited agreed to pay an amount over the same time period in settlement of all past claims and disputes. Under this agreement the assets in Iraq of Mosul Petroleum Company Limited (11.875% Mobil) were transferred to the government of Iraq.

On October 7, 1973, the Iraqi Government nationalized Mobil's remaining interest in the southern part of the country which was held by Basrah Petroleum Company Limited (11.875% Mobil). No agreement has been reached for compensation or other related issues concerning Mobil's interest in Basrah Petroleum Company Limited.

On September 1, 1973, the Libyan Government announced nationalization of 51% of the interest of Mobil in Libya. No agreement has been reached with the Libyan Government regarding compensation and related issues.

During 1973, discussions were held with the government of Nigeria regarding its request to acquire an interest in Mobil's producing operations there as of April 1, 1973. Agreement has not been reached with the Nigerian Government regarding the acquisition of an interest in Mobil's property, compensation therefor, and other related issues.

The eventual settlement of the companies' equity position, rights, and obligations under the various agreements and the results of negotiations currently being conducted cannot be determined at this time. As a result, Mobil's actual cost of crude oil obtained from these countries during 1973 may not be known with certainty for some time to come. In recognition of this, the corporation has included in its 1973 accounts a provision for added cost considered to be reasonable

based on the best judgement available at this time.

Additionally, in view of the uncertainties, compensation received in 1973 from the various governments has been tentatively reflected as a reduction of the carrying values of Mobil's investments. Mobil's share in the aggregate value of compensation received by the end of 1973 was approximately \$93 million in oil and cash. This amount is, in the aggregate, about equal to the carrying value of the corporation's investment related to the consortium in Iran and the assets in other countries which have been given up pursuant to the agreements described above.

Investments and Long-Term Receivables

The principal investment accounted for on the equity method is Arabian American Oil Company (Aramco) in which the corporation had a 7.5% interest at December 31, 1973. The unaudited balance sheet at that date of Aramco and its subsidiary companies included current assets of \$2,221 million; investments and advances of \$24 million; net properties, plants, and equipment of \$1,531 million; other net assets of \$31 million; current liabilities of \$1,752 million; and long-term liabilities of \$38 million. The corporation's equity in the book value of the underlying net assets of Aramco and subsidiary companies was carried at \$115 million at December 31, 1973 and \$97 million at December 31, 1972 when Mobil had a 10% interest.

Other investments accounted for on the equity method, and the percentage of the corporation's interest in each at December 31, 1973, include Altona Petrochemical Company Limited (50%); Aral Aktiengesellschaft (28%); Australian Synthetic Rubber Company Limited (35%); Bataan Refining Corporation (43%); Colonial Pipeline Company (11%); Erdoel-Raffinerie Neustadt G.m.b.H. & Co. (50%); Kyokuto Sekiyu Kogyo K.K. (50%); Petrogas Processing Ltd. (31%); P.T. Stanvac Indonesia (50%); Rainbow Pipe Line Company, Ltd. (33%); South Saskatchewan Pipe Line Company (50%); and Toa Nenryo Kogyo K.K. (25%). Subject to the terms of the general participation agreements previously mentioned, the corporation continues to have an interest in Abu Dhabi Petroleum Company Limited and Qatar Petroleum Company Limited (both 11.875% Mobil). In addition, the corporation

has interests in the assets outside Iraq owned by Basrah Petroleum Company Limited and Iraq Petroleum Company, Limited (both 11.875% Mobil).

The corporation's investments in other companies are stated at cost less applicable reserves, which is less than its equity in the net assets of such companies.

Inventories

Cost of inventories at December 31, 1973 and December 31, 1972 was lower than aggregate market value at those dates. Inventories valued at cost under the last-in, first-out method represented about 35% of Mobil's worldwide inventories at December 31, 1973 and about 30% at December 31, 1972.

At December 31, 1973, \$58 million of inventories on hand because of foreign compulsory storage requirements were included in Investments and Long-Term Receivables.

Capital and Exploration Outlays

The 1973 capital and exploration programs resulted in a record outlay of \$1,334 million, \$154 million more than the \$1,180 million expended in 1972.

(In millions)	1973		1972	
	U.S. & Canada	Other Countries	Total	Total
Capital expenditures				
Producing	\$475	\$ 84	\$ 559	\$ 360
Refining	66	149	215	268
Marketing	71	119	190	252
Marine	1	159	160	78
Chemicals	35	2	37	27
Other	21	4	25	45
	669	517	1,186	1,030
Exploration expenses including non-productive wells	95	53	148	150
	\$764	\$570	\$1,334	\$1,180

Foreign Exchange

As a result of translating monetary assets and liabilities expressed in foreign currencies into U.S. dollars, a net foreign currency translation charge of \$12 million was incurred in 1973. Of this amount, \$1 million was charged against income and \$11 million deferred. In 1972, the net foreign currency translation effect was not material. The total charge against income, including amortization of deferred amounts, was \$3 million in 1973. Deferred translation charges included in Prepaid and Deferred Charges were \$18

million at December 31, 1973 and \$9 million at December 31, 1972.

These charges do not reflect the impact of currency changes on foreign operating income statements. As stated under Major Accounting Policies, such operating gains and losses generally are included in revenues, costs, and expenses.

Taxes

Taxes in the United States and abroad amounted to \$4,569 million in 1973, an increase of \$872 million over the 1972 total of \$3,697 million. Investment tax credits applied as a reduction of the provision for U.S. income taxes were \$16 million in 1973 and \$29 million in 1972.

(In millions)	1973	1972
Excise and state gasoline taxes	\$1,230	\$1,023
Import duties	1,930	1,686
Property, production, payroll, and other taxes	215	185
	3,375	2,894
Income taxes—United States and other countries		
Current	1,146	770
Deferred	48	33
	1,194	803
Total taxes	\$4,569	\$3,697

Total income tax expense provided in 1973 amounted to \$1,194 million (including \$16 million U.S. state and local income taxes), or 58.4% of income before income taxes of \$2,043 million. When the statutory U.S. income tax rate (48%) is applied to income before taxes, the result is \$981 million, or \$213 million less than the income tax provision shown above. The difference between the tax provision and the multiplication of income before taxes by the statutory U.S. income tax rate is attributable to many different factors.

The principal factor that causes the worldwide effective tax rate to be higher than the U.S. statutory rate is that the effective rate in a number of foreign countries is higher than the U.S. statutory rate. Mobil's worldwide effective tax rate would have been higher, but for U.S. percentage depletion and the U.S. investment credit. Mobil's U.S. intangible drilling costs deducted for tax purposes in 1973 were essentially equal to the amortization of U.S. intangible drilling costs previously capitalized for book

purposes. U.S. percentage depletion reduced 1973 income taxes by \$55 million. As reported above, the U.S. investment credit reduced 1973 income taxes by \$16 million.

Mobil's share of the undistributed earnings of consolidated subsidiaries and companies accounted for on the equity method, which could be subject to additional income taxes if remitted, was approximately \$900 million at December 31, 1973. No provision has been made for taxes which could result from the remittance of such undistributed earnings since it is the corporation's intent to reinvest these earnings indefinitely. If such reinvested earnings were to be remitted, foreign tax credits would be available to reduce the amount of U.S. taxes which otherwise would be payable.

Long-Term Debt

At December 31, 1973, long-term debt amounted to \$1,087 million, an increase of \$4 million from the \$1,083 million outstanding at year-end 1972. Long-term debt consisted of the following, with weighted average interest rates in parentheses:

(In millions)	1973	1972
United States dollars		
30 year 7½ % debentures due 2001	\$ 200	\$ 200
30 year 4¼ % debentures due 1993, less \$9 in treasury	160	166
30 year 2½ % debentures due 1976, less \$8 in treasury	51	55
7¼ % notes payable due 1988-97	200	200
4½ % notes payable due 1979-88	60	60
Notes payable (5½ %) due 1975-79	27	50
Non-interest bearing advances due 1976-77	35	40
7% debentures due 1986	31	33
Other (5¼ %) due 1975-81	6	8
	770	812
Swiss francs (6%) due 1975-90	153	82
French francs (8¼ %) due 1975-82	45	47
British pounds (7%) due 1975-85	36	40
German marks (5¾ %) due 1975-80	25	25
Other currencies (7¼ %) due 1975-2003	58	77
	\$1,087	\$1,083

Reserves

At December 31, reserves for insurance, employee benefits, and contingencies affecting foreign operations were as follows:

(In millions)	1973	1972
Insurance	\$ 44	\$ 44
Employee benefit plans	133	119
Contingencies affecting foreign operations	19	19
	\$196	\$182

The corporation's policy is to fund benefit plan costs currently, except for certain self-administered plans for which estimated costs are accrued currently in the reserve for employee benefit plans.

In the United States, Mobil's employee benefits program provides pensions, group life insurance, and savings plans, as well as several supplementary benefit plans covering such contingencies as sickness and accidents. Affiliates outside the United States also provide for various pension and other benefit programs. Pension programs cover substantially all employees of the corporation.

The total charge to income for pension plans was \$51 million in 1973 and \$46 million in 1972.

Incentive Compensation Plan

In accordance with the corporation's Incentive Compensation Plan, a provision of \$7 million was made against 1973 earnings for awards granted in early 1974. A provision of \$7 million was also made against 1972 earnings. These amounts were substantially less than the plan permits.

Stock Option Plans

Under the Stock Option Plan approved by shareholders in 1969, options may be granted to key employees to purchase a maximum of 1,000,000 shares of capital stock. No additional options may be granted under the 1960 and 1965 plans. Options are granted at 100% of the fair market value of Mobil stock at the time of the award and generally may be exercised in annual installments after the first year. "Restricted" options, granted prior to January 1, 1964, had a maximum life of ten years; "qualified" options, granted after that date, have a maximum life of five years; "non-qualified" options, granted under the 1969 plan, have a maximum life of ten years.

Transactions in 1973 under the three plans are summarized below:

	1969 Plan	1965 Plan	1960 Plan
January 1, 1973— shares under option	569,455	23,600	25,210
Options granted at prices ranging from \$50.13 to \$74.75	293,100	—	—
Options surrendered or canceled	(15,725)	—	—
Options exercised at prices ranging from \$34.72 to \$55.50	(67,200)	(23,600)	(25,210)
December 31, 1973— shares under option	779,630	—	—
Options exercisable at December 31, 1973	300,305	—	—
at an average price of	\$54.88	—	—

At December 31, 1973, there were 73,305 shares available for option under the 1969 plan. Under this plan, options may not be granted after May 21, 1974.

During 1972, options for 78,315 shares were exercised under the 1969 plan, for 82,940 shares under the 1965 plan, and for 34,787 shares under the 1960 plan at prices ranging from \$27.78 to \$55.50.

The excess of proceeds over par value of shares issued under the stock option plans, amounting to \$4 million in 1973 and \$7 million in 1972, was credited to capital surplus.

Capital Stock

At December 31, 1973, a total of 103,338,244 shares of \$7.50 par value had been issued, including 1,481,821 held in the treasury. Shares outstanding at year end totaled 101,856,423. The increase of 117,019 shares during 1973 and 196,573 shares in 1972 resulted almost entirely from the issuance of shares under the stock option plans.

Rentals

Net rental expense for 1973 amounted to \$239 million after deducting rentals from subleases of \$41 million. For 1972, the net rental expense was \$230 million after deducting sublease income of \$36 million. Rental expense included contingent rentals of \$4 million in 1973 and \$3 million in 1972. Contingent lease rental payments are determined generally by volumetric measurement.

Some rental agreements contain escalation provisions that may require higher future rent payments. Mobil does not expect that such rent increases, if any, will have a material effect upon future earnings.

If noncapitalized financing leases (as defined by the Securities and Exchange Commission) were capitalized and the related assets amortized over the lives of the leases and interest expense accrued on the basis of the outstanding lease liabilities, the effect upon net income, as compared with actual rent expense incurred, would have been immaterial.

Commitments and Contingent Liabilities

At December 31, 1973, the minimum rental commitments under all noncancelable leases, reduced by rentals to be received from existing noncancelable subleases, are shown in the table below:

(In millions)	Tankers	All Other	Total
1974	\$154	\$ 50	\$204
1975	104	48	152
1976	41	48	89
1977	30	45	75
1978	27	41	68
1979-1983	103	153	256
1984-1988	8	64	72
1989-1993	—	29	29
1994 and beyond	—	45	45

The amounts receivable under existing non-cancelable subleases included in the termination of the commitments were not material.

Substantial commitments were also made in the normal course of business for the acquisition or construction of properties, plants, and equipment (including tankers for time-charter to Mobil).

The corporation has guaranteed approximately \$93 million of the obligations of others, excluding certain cross-guarantees (about \$62 million) of foreign customs duties made with other responsible companies in the ordinary course of business. In addition, the corporation has guaranteed specified revenues from crude and product shipments under agreements with pipeline companies in which it holds stock interests. If these companies are unable to meet certain obligations, Mobil may be required to advance funds against future transportation charges. No material loss is anticipated under these guarantees.

The corporation is of the opinion that, while the ultimate liability in respect of litigation and other claims pending against the corporation cannot be determined at this time, such liability, to the extent not provided for through insurance or otherwise, is not likely to be of material importance in relation to the corporation's accounts.

Report of Certified Public Accountants

Board of Directors and Shareholders
Mobil Oil Corporation

We have examined the accompanying consolidated balance sheet of Mobil Oil Corporation at December 31, 1973 and the related consolidated statements of income, earnings retained in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously made a similar examination of the consolidated financial statements for the prior year.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Mobil Oil Corporation at December 31, 1972 and 1973 and the consolidated results of operations and changes in financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis during the period.

277 Park Avenue
New York, N.Y. 10017
March 1, 1974

Arthur Young + Company

Consolidated Statement of Income

Mobil Oil Corporation

	1973	Year Ended December 31	1972
Revenues			
Sales and services (including excise and state gasoline taxes: 1973—\$1,229,945,000; 1972—\$1,023,475,000)	\$12,620,058,000		\$10,189,807,000
Interest, dividends, and other revenue	135,494,000		105,249,000
Total Revenues	12,755,552,000		10,295,056,000
Costs and Expenses			
Crude oil, products, materials, and operating expenses	5,390,665,000		4,249,863,000
Exploration expenses, including non-productive wells	147,941,000		150,028,000
Selling and general expenses	1,208,622,000		1,093,895,000
Depreciation, depletion, and amortization	493,188,000		444,310,000
Interest and debt discount expense	96,889,000		85,581,000
Taxes other than income taxes	3,375,319,000		2,894,495,000
Income taxes	1,193,616,000		802,685,000
Total Costs and Expenses	11,906,240,000		9,720,857,000
Net Income	\$ 849,312,000		\$ 574,199,000
Net Income Per Share	\$8.34		\$5.65

Consolidated Statement of Earnings Retained in the Business

	1973	Year Ended December 31	1972
Earnings Retained in the Business—Beginning of Year	\$ 3,766,046,000		\$ 3,461,189,000
Net income	849,312,000		574,199,000
Cash dividends paid	(285,121,000)		(269,342,000)
Earnings Retained in the Business—End of Year	\$ 4,330,237,000		\$ 3,766,046,000

See Major Accounting Policies and Financial Review on pages 32-36.

Consolidated Balance Sheet

Assets	1973	December 31	1972
Current Assets			
Cash	\$ 218,270,000		\$ 148,936,000
Marketable securities, at amortized cost (approximating market)	624,409,000		449,846,000
Accounts and notes receivable (less estimated doubtful accounts)	2,143,753,000		1,719,514,000
Inventories			
Crude oil and products	854,540,000		778,185,000
Materials and supplies	97,903,000		91,320,000
Total Current Assets	3,938,875,000		3,187,801,000
Investments and Long-Term Receivables	927,794,000		871,351,000
Properties, Plants, and Equipment (at cost)			
Producing	3,938,153,000		3,412,819,000
Refining	2,315,530,000		2,162,484,000
Marketing	2,395,896,000		2,259,956,000
Marine	636,541,000		476,318,000
Pipelines	375,552,000		363,317,000
Chemicals	433,978,000		450,894,000
Other	158,281,000		182,977,000
	10,253,931,000		9,308,765,000
Less accumulated depreciation, depletion, and amortization	4,619,167,000		4,329,240,000
Net Properties, Plants, and Equipment	5,634,764,000		4,979,525,000
Prepaid and Deferred Charges	188,998,000		178,036,000
Total	\$10,690,431,000		\$9,216,713,000

See Major Accounting Policies and Financial Review on pages 32-36.

Liabilities and Shareholders' Equity	1973	December 31	1972
Current Liabilities			
Notes and loans payable	\$ 348,501,000	\$	438,566,000
Accounts payable and accrued liabilities	1,956,269,000		1,242,118,000
Income, excise, state gasoline, and other taxes payable	1,021,021,000		819,029,000
Long-term debt maturing within one year	49,208,000		48,917,000
Total Current Liabilities	3,374,999,000		2,548,630,000
Long-Term Debt	1,087,288,000		1,083,406,000
Deferred Credits			
Deferred income taxes	234,846,000		187,396,000
Other	57,235,000		47,590,000
Total Deferred Credits	292,081,000		234,986,000
Reserves			
For insurance, employee benefits, and contingencies affecting foreign operations	196,457,000		182,118,000
Minority Interest in Subsidiary Companies	24,834,000		22,173,000
Shareholders' Equity			
Capital stock	775,037,000		774,167,000
Capital surplus	670,333,000		666,064,000
Earnings retained in the business	4,330,237,000		3,766,046,000
	5,775,607,000		5,206,277,000
Less capital stock held in treasury (at cost)	60,835,000		60,877,000
Total Shareholders' Equity	5,714,772,000		5,145,400,000
Total	\$10,690,431,000		\$9,216,713,000

See Major Accounting Policies and Financial Review on pages 32-36.

Consolidated Statement of Changes in Financial Position

Mobil Oil Corporation

1973 Year Ended December 31 1972

Source of Working Capital

Operations

Net income	\$ 849,312,000	\$ 574,199,000
Depreciation, depletion, and amortization	493,188,000	444,310,000
Deferred income taxes	47,450,000	33,274,000
Undistributed earnings of unconsolidated companies	(26,685,000)	(10,686,000)
Total from operations	1,363,265,000	1,041,097,000
Book value of properties, plants, and equipment sold	28,442,000	21,968,000
Long-term debt increases	92,717,000	334,710,000
Issuance or sale of capital stock	5,181,000	8,624,000
Other, net	24,577,000	17,704,000
Total Source	1,514,182,000	1,424,103,000

Application of Working Capital

Capital expenditures	1,185,763,000	1,029,956,000
Investments and long-term receivables	29,758,000	94,161,000
Long-term debt reductions	88,835,000	385,571,000
Cash dividends	285,121,000	269,342,000
Total Application	1,589,477,000	1,779,030,000

Increase (Decrease) in Working Capital	\$ (75,295,000)	\$ (354,927,000)
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Increase (Decrease) in Working Capital by Major Component

Cash and marketable securities	\$ 243,897,000	\$ (205,500,000)
Accounts and notes receivable	424,239,000	184,697,000
Inventories	82,938,000	11,075,000
Notes and loans payable	90,065,000	(222,229,000)
Accounts payable and accrued liabilities	(714,151,000)	(107,241,000)
Income, excise, state gasoline, and other taxes payable	(201,992,000)	(37,664,000)
Long-term debt maturing within one year	(291,000)	21,935,000

Increase (Decrease) in Working Capital	\$ (75,295,000)	\$ (354,927,000)
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See Major Accounting Policies and Financial Review on pages 32-36.

	1973		1972		1971		1970		1969	
Crude Oil and Natural Gas Liquids Production— Including Quantities Received Under Long-Term Arrangements										
(thousands of barrels daily)	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
United States	441	380	457	394	455	389	452	385	431	350
Canada	149	126	132	112	119	102	113	96	96	83
Latin America	120		140		138		124		117	
Middle East	1,444		1,332		1,327		1,120		1,079	
Other Eastern Hemisphere	368		338		255		274		237	
Total	2,522		2,399		2,294		2,083		1,960	
Natural Gas Production (million cubic feet daily)										
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
United States	2,742	2,343	2,763	2,352	2,853	2,368	2,783	2,299	2,613	1,963
Canada	311	263	280	237	270	230	238	200	190	161
Other Countries	629		552		422		358		260	
Total	3,682		3,595		3,545		3,379		3,063	
Refinery Runs (including processing agreements) (thousands of barrels daily)										
United States	907		816		777		786		795	
Latin America	108		117		114		120		108	
Middle East	112		137		115		126		100	
Far East and Australasia	438		361		336		316		311	
Europe and Turkey	699		672		615		544		494	
Africa	101		91		88		80		65	
Total	2,365		2,194		2,045		1,972		1,873	
Petroleum Product Sales (thousands of barrels daily)										
Gasoline	823		769		734		711		669	
Distillates (including jet fuel)	757		776		682		656		599	
Residual fuels	560		555		540		501		481	
Other products	342		309		292		277		254	
Total	2,482		2,409		2,248		2,145		2,003	
United States	1,009		1,004		948		929		909	
Canada	9		8		8		6		4	
Latin America	110		106		101		94		80	
Middle East	47		36		34		29		19	
Far East and Australasia	473		434		410		394		366	
Europe and Turkey	680		678		616		566		510	
Africa	154		143		131		127		115	
Total	2,482		2,409		2,248		2,145		2,003	
Deep-Sea Vessel Capacity Owned and Chartered (thousands of deadweight tons at year end)										
	9,355		9,054		8,116		6,467		5,843	
Pipeline System (including partly owned facilities/miles at year end)										
United States	23,613		23,467		23,409		23,425		23,489	
Other Countries	16,498		17,382		16,616		15,912		16,519	

Operating statistics include the corporation's interest in the operations of companies owned 50% or less.

Refinery runs in the United States have been restated to recognize the revised Bureau of Mines definition. Pipeline system mileage in the United States has been restated for all years to reflect certain gathering lines not previously included.

Financial Summary

Mobil Oil Corporation

(In millions)	1973	1972	1971	1970	1969
Consolidated Statement of Income					
Revenues					
Sales and services					
Refined petroleum products	\$ 8,588.9	\$ 6,971.1	\$6,103.9	\$5,459.4	\$4,959.6
Crude oil and natural gas	1,616.7	1,288.5	1,281.8	972.3	892.4
Chemicals	570.5	470.0	419.8	406.2	442.5
Other products	250.2	207.4	185.6	156.3	150.5
Services	363.8	229.3	251.9	266.3	176.4
Total sales and services	11,390.1	9,166.3	8,243.0	7,260.5	6,621.4
Excise and state gasoline taxes	1,230.0	1,023.5	909.0	836.8	764.5
Interest	83.2	66.4	76.4	83.8	71.7
Dividends	19.8	18.4	11.7	17.3	16.2
Equity in earnings of certain affiliated companies	32.5	20.5	9.0	7.7	8.3
Total Revenues	12,755.6	10,295.1	9,249.1	8,206.1	7,482.1
Costs and Expenses					
Crude oil, products, materials, and operating expenses	5,390.7	4,249.9	3,841.4	3,460.4	3,196.5
Exploration expenses, including non-productive wells	148.0	150.0	126.5	124.3	116.6
Selling and general expenses	1,208.6	1,093.9	994.7	929.2	834.3
Depreciation, depletion, and amortization	493.2	444.3	398.4	392.1	355.8
Interest and debt discount expense	96.9	85.6	81.2	74.2	65.3
Taxes other than income taxes	3,375.3	2,894.5	2,478.5	2,251.2	2,036.1
Income taxes—current	1,146.1	769.4	781.2	500.5	396.9
—deferred	47.5	33.3	6.4	(8.5)	24.1
Total Costs and Expenses	11,906.3	9,720.9	8,708.3	7,723.4	7,025.6
Income before Extraordinary Item	849.3	574.2	540.8	482.7	456.5
Extraordinary item	—	—	—	—	(22.0)
Net Income	\$ 849.3	\$ 574.2	\$ 540.8	\$ 482.7	\$ 434.5
Net income per share (based on average shares outstanding)	\$ 8.34	\$ 5.65	\$ 5.33	\$ 4.77	\$ 4.50
Cash dividends	285.1	269.3	258.8	243.1	228.2
Per share	2.80	2.65	2.55	2.40	2.25
Capital and exploration outlays	1,333.7	1,180.0	1,037.6	879.5	800.0
Current assets	3,938.9	3,187.8	3,197.5	3,203.7	2,789.9
Current liabilities	3,375.0	2,548.6	2,203.4	2,025.0	1,730.5
Working capital	563.9	639.2	994.1	1,178.7	1,059.4
Net properties, plants, and equipment	5,634.8	4,979.5	4,425.2	3,950.0	3,633.9
Long-term debt	1,087.3	1,083.4	1,134.3	974.9	738.2
Shareholders' equity	5,714.8	5,145.4	4,832.0	4,540.1	4,309.1
Per share (based on shares outstanding at end of year)	\$ 56.11	\$ 50.57	\$ 47.59	\$ 44.81	\$ 42.45
Number of shareholders (end of year)	213,700	216,100	223,000	222,800	219,700
Number of shares outstanding (end of year)	101,856,000	101,739,000	101,543,000	101,313,000	101,498,000
Number of employees (end of year)	73,900	75,000	75,300	75,600	76,000

*Represents an extraordinary write-off of \$22.0 million (net of applicable U.S. income tax reduction of \$7.3 million current and \$13.9 million deferred), or 22 cents per share, related to the corporation's withdrawal from the retail fertilizer business in the United States. Net income per share above excludes the effect of this extraordinary write-off.

Directors

- *Fred J. Borch, Former Chairman and Chief Executive Officer, General Electric Company
- Curtis M. Klaerner, Executive Vice President
- *Lewis A. Lapham, President and Director, Bankers Trust New York Corporation
- *George C. McGhee, Former Under Secretary of State for Political Affairs
- Theodore W. Nelson, Executive Vice President
- *Albert L. Nickerson, Former Chairman of the Board of Directors
- James Q. Riordan, Senior Vice President
- Herman J. Schmidt, Vice Chairman of the Board of Directors
- William P. Tavoulareas, President; Vice Chairman of the Executive Committee
- Richard F. Tucker, Executive Vice President
- Rawleigh Warner, Jr., Chairman of the Board of Directors; Chairman of the Executive Committee
- *Albert L. Williams, Chairman of the Finance Committee and Director, International Business Machines Corporation
- Paul J. Wolfe, Executive Vice President

*Non-employee director and member of Board Audit Committee, Board Compensation Committee, Management Incentive Committee, and Public Issues Committee.

Officers

- Rawleigh Warner, Jr., Chairman of the Board of Directors; Chairman of the Executive Committee
- William P. Tavoulareas, President; Vice Chairman of the Executive Committee
- **Herman J. Schmidt, Vice Chairman of the Board of Directors
- Howard Bird, Jr., Vice President for public affairs
- Dayton H. Clewell, Senior Vice President for research and engineering
- Henry K. Holland, Jr., Vice President; *Executive Vice President, North American Division, for exploration and producing*
- Curtis M. Klaerner, Executive Vice President; *President, International Division*
- Peter C. Krist, Vice President for employee relations
- Alex H. Massad, Vice President; *Executive Vice President, International Division, for exploration and producing*
- John D. Moody, Senior Vice President for exploration and producing
- **Allen E. Murray, Vice President; *Executive Vice President, North American Division, for complex*
- Theodore W. Nelson, Executive Vice President for chemical, research and engineering; ***President, Mobil Chemical Company*
- Gerald T. Owens, Vice President for international sales
- James Q. Riordan, Senior Vice President for finance
- Herbert Schmertz, Vice President for marine transportation and marine sales
- Richard F. Tucker, Executive Vice President; *President, North American Division*
- **Paul J. Wolfe, Executive Vice President for Middle East, supply and distribution, marine transportation, and international sales
- Lawrence M. Woods, Vice President for planning and economics
- George A. Birrell, General Counsel and Secretary
- R. Hartwell Gardner, Treasurer
- Charles J. Lause, Controller

**Effective February 1, 1974.
Other officers as of January 1, 1974.

Transfer Agents

- The Chase Manhattan Bank, National Association
1 Chase Manhattan Plaza,
New York, New York 10015
- The Bank of California, National Association
400 California Street,
San Francisco, California 94120
- Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street,
Chicago, Illinois 60690
- Canada Permanent Trust Company
Yonge-Eglinton Centre,
20 Eglinton Avenue, W., Toronto,
Ontario M4R 2E2, Canada
- Canada Permanent Trust Company
315 Eighth Avenue, S.W., Calgary,
Alberta T2P 1C8, Canada

Registrars

- Bankers Trust Company
New York, New York
- LaSalle National Bank
Chicago, Illinois
- Wells Fargo Bank, National Association
San Francisco, California
- Montreal Trust Company
Toronto, Ontario, Canada
- Montreal Trust Company
Calgary, Alberta, Canada

Auditors

- Arthur Young & Company
New York, New York

Annual Meeting

The 1974 Annual Meeting of Shareholders will be held on Wednesday, May 1, at 10:00 a.m. at Braniff Place hotel, 1500 Canal St., New Orleans, Louisiana

Design: Sheldon Seidler Inc.

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